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BEFORE THE  
**Federal Communications Commission**

WASHINGTON, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

ORIGINAL  
FILE

In the Matter of

Billed Party Preference  
for 0+ InterLATA Calls

)  
)  
) CC Docket No. 92-77  
)

COMMENTS OF CAPITAL NETWORK SYSTEM, INC.

CAPITAL NETWORK SYSTEM, INC.

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## SUMMARY

In these comments, Capital Network System, Inc. urges the Commission to take the long overdue action of declaring "0+" access to be in the public domain. This will give card-issuing interexchange carriers the choice of restricting cardholder access to their networks to "800", "950", and "10XXX" proprietary access codes or offering "0+" nonproprietary access and providing validation and billing data for its calling cards to other IXC's on a nondiscriminatory basis. With this action, AT&T will no longer be able to cause its competitors' networks to be flooded with millions of "0+" calls that its competitors cannot complete and must transfer back to AT&T at enormous cost and without any recovery of revenue.

While CNS believes that the "0+" access proposal should be adopted instead of billed party preference, the Commission should implement the proposal without any further delay regardless of the Commission's ultimate decision on billed party preference. Billed party preference is not a viable alternative at present because -- as even its proponents admit -- it cannot be implemented feasibly for years to come.

The attractiveness of the "0+" access proposal is that only the cost causer, AT&T, has to pay to correct its present anticompetitive tactics. Other IXC's will not have to screen or transfer any calls because they will be able to complete all calls reaching their networks. If AT&T continues to treat its CIID cards as replacement cards for LEC joint use cards by permitting "0+" access by cardholders, then the Commission should regulate CIID cards the same way as it regulates LEC joint use cards. The FCC should require AT&T to provide nondiscriminatory access to validation and billing data. In contrast, should AT&T choose not to share CIID card information with its competitors, then AT&T should be required to reject "0+" calls to its network and to publicize adequately the existence of an "800" access number to its cardholders. If AT&T were at all interested in consumer convenience and ease of access, it could select a mnemonic sequence of numbers, such as 800-CRUSHER, 800-PLUNDER, or 800-BRUISER, or whatever AT&T may prefer, that would be easy to remember. This "800" number could be used in conjunction with the popular, easy to remember, line-based card numbers that consumers prefer, rather than the hard to remember randomly-sequenced CIID card number.

No matter which access option AT&T selects, the public interest will be served. Competition will increase because operator service providers will no longer have to bear the uncompensated costs of transferring calls to AT&T or the misplaced anger of cardholders whose calls AT&T will not permit them to complete. Consumers will benefit as well because they

will have guaranteed, well-publicized, convenient access methods of reaching carriers.

Now that the Commission may be willing, even if belatedly, finally to focus on the reasons why OSPs' costs are relatively higher than AT&T's costs, it promptly should take several other steps to reduce OSP costs and, thereby, promote competition in the operator services marketplace. The FCC immediately should grant CNS's Application for Review and reverse the Common Carrier Bureau's rejection of CNS's tariff for call transfer services provided to AT&T. CNS's tariff would allow CNS and other OSPs to be compensated fairly for their out-of-pocket costs incurred in transferring calls to AT&T. Also, the Commission should require LECs to provide billing and collection data to OSPs on a nondiscriminatory basis so that OSPs have the same access to these services as AT&T. By taking action to attack the multiple sources of OSPs' higher costs, the Commission will best ensure lower OSP rates and greater competition within the "0+" market.

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In the Matter of )

Billed Party Preference )  
for 0+ InterLATA Calls )

CC Docket No. 92-77

**COMMENTS OF CAPITAL NETWORK SYSTEM, INC.**

Capital Network System, Inc. ("CNS"), by its undersigned attorneys, hereby submits its comments in support of the proposal contained in the Notice of Proposed Rulemaking issued in the above-captioned proceeding <sup>1/</sup> to require interexchange carriers ("IXCs") to share with other IXCs the validation and billing data necessary to complete "0+" access calls.

**I. INTRODUCTION: A HISTORY OF DELAY AND DENIAL BY THE COMMISSION OF PROPOSALS TO ELIMINATE OR REDUCE ANTICOMPETITIVE BILLING AND COLLECTION AND VALIDATION PRACTICES**

1. CNS is an IXC headquartered in Austin, Texas. Its primary business is the provision of operator-assisted calling services. As an operator services provider ("OSP"), CNS receives thousands of telephone calls over its network every day from American Telephone & Telegraph Company ("AT&T") cardholders who try to charge their calls to their AT&T Card Issuer Identifier ("CIID") cards. Solely because AT&T will not provide CNS with the validation information CNS needs to complete these calls, CNS

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<sup>1/</sup> Billed Party Preference for 0+ InterLATA Calls, FCC 92-169, CC Docket No. 92-77 (released May 8, 1992) ("Notice").

must transfer these calls back to AT&T operators for completion -  
- at an average out-of-pocket cost of between \$100,000 to \$200,000 per month.<sup>2/</sup> Apart from the out-of-pocket cost incurred by CNS, and the revenues lost from uncompleted calls, callers who have been inconvenienced then incorrectly blame CNS for their inability to reach AT&T or to accept AT&T's CIID calling cards when, in fact, the problems are caused by AT&T's choice to use "0+" access for its so-called "proprietary" calling cards. AT&T then leverages the discontent created by its refusal to share validation and billing information into a means of attracting aggregator presubscription. Aggregators presubscribe their telephones to AT&T in part to avoid the wrath of their customers whose "0+" calls may not otherwise be charged to their CIID cards.

2. As a start-up company unlike AT&T and the Bell Operating Companies ("BOCs") without a captive body of ratepayers from which to subsidize some of its service offerings with revenues from others, CNS's rates for its operator services are impacted very directly by the costs it incurs in providing its services. In the area of billing and collection and validation, CNS confronts a cost structure that is higher than it should be because of AT&T and BOC practices that are still based upon the vestiges of the historical monopoly provision of operator

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<sup>2/</sup> See CNS's "Application for Expedited Review" submitted in Capital Network System, Inc., Tariff F.C.C. No. 2, Transmittal No. 1, at 6 n. 11 (filed October 9, 1991) ("CNS Tariff Application").

services, rather than based upon sound economic and public policy reasons. Recognizing the need for change, CNS has been a leader on several fronts in the effort to reduce AT&T's monopoly control over operator services and to lower costs confronting the competitive OSPs so that rates can be lowered. As shown below, CNS's efforts to petition the Commission to take positive actions that would foster a competitive operator services marketplace have been met only with frustration.

3. The unavailability of local exchange carrier ("LEC") billing and collection services on a nondiscriminatory basis <sup>3/</sup> significantly increases the OSPs' costs of operation as compared to the costs of confronting AT&T. Further, the unavailability of LEC billing and collection and access to LEC validation data causes OSPs to suffer substantial revenue reductions occasioned by their resulting inability to complete and collect charges for many calls. In June 1989, CNS and Competitive Telecommunications Association ("CompTel") petitioned the FCC for nondiscriminatory

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<sup>3/</sup> Under the terms of their respective consent decrees, the Bell Operating Companies and the GTE Operating Companies are required to provide billing and collection services to all IXC's if they provide the services to any IXC. United States v. Western Electric Co., 552 F. Supp. 131 (D.D.C. 1982), aff'd sub nom. Maryland v. United States, 460 U.S. 1001 (1983); United States v. GTE Corp., 603 F. Supp. 730 (D.D.C. 1984). Nevertheless, the independent LECs are not subject to these decrees and thus are not required to provide billing and collection services to OSPs even though they provide these services to AT&T. And, most of the LECs discriminate in the terms and conditions upon which they make available the services, particularly with regard to price.

access to validation and billing and collection data. <sup>4/</sup> In May 1991, almost two years later, the FCC granted the CNS/CompTel Petition for Rulemaking with respect to validation data but denied the petition with respect to the provision of billing and collection data. <sup>5/</sup> CNS filed initial and reply comments in the validation rule making, CC Docket No. 91-115, and petitioned the D.C. Circuit for review of the denial of the CompTel/CNS Petition with respect to billing and collection data. <sup>6/</sup>

4. In a related effort to change a situation that inappropriately and unfairly increased its costs of doing business, CNS filed a tariff last June to recover the substantial out-of-pocket expenses it incurs in transferring calls to AT&T which cannot be validated, billed and collected. AT&T's decision to instruct its CIID cardholders to use "0+" access imposes costs on CNS of \$100,000 to 200,000 per month in local access charges, and expenses for additional operator time and switch capacity.

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<sup>4/</sup> "CompTel and CNS Petition to Mandate Availability of Essential Billing and Collection Services and Access to Call Validation Data on a Just and Reasonable Basis or in the Alternative Petition for Rulemaking" (filed on June 1, 1989) ("CompTel/CNS Petition").

<sup>5/</sup> Local Exchange Carrier Validation and Billing Information for Joint Use Calling Cards, Notice of Proposed Rule Making, 6 FCC Rcd 3506, 3509 (1991) ("91-115 Notice"). The Commission recently issued a Report and Order and Request for Supplemental Comment requiring LECs to provide non-discriminatory access to LEC validation and screening data on a per-call basis. Local Exchange Carrier Validation and Billing Information for Joint Use Calling Cards, FCC 92-168, CC Docket No. 91-115 (released May 8, 1992) ("91-115 Report and Order").

<sup>6/</sup> Capital Network System, Inc. v. FCC, No. 91-1280 (D.C. Cir. filed June 14, 1991).



CNS sought by its proposed transfer tariff to establish a charge to recover these expenses from the causer of the costs, AT&T. Although there were no petitions filed against CNS's proposed tariff, the Common Carrier Bureau took the unusual -- if not completely unprecedented -- step of rejecting the tariff filed by a non-dominant carrier. <sup>1/</sup> CNS' Application for Expedited Review of the rejection has been pending before the Commission since October 9, 1991 -- and all the while, CNS has continued to incur the costs associated with transferring calls to AT&T for completion.

5. When the FCC failed to act promptly in the CC Docket No. 91-115 proceeding, and facing the reality of the increasing massive distribution of AT&T's CIID card, CNS joined with eighteen other members of CompTel in December 1991 to file an Emergency Motion requesting the Commission to order AT&T to (1) cease any further distribution of its CIID cards and (2) require AT&T to permit validation and billing of the existing CIID cards until the resolution of the proceeding.

6. As CNS stated in a letter to Chairman Sikes in April, the four rounds of public comment in CC Docket No. 91-115 <sup>2/</sup> already provided the Commission with overwhelming record support for the proposal to require IXCs to provide validation and

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<sup>1/</sup> Capital Network System, Inc., 6 FCC Rcd 5609 (Com. Car. Bur. 1991).

<sup>2/</sup> The four rounds of public comment consist of the initial and reply comments to the 91-115 Notice and the initial and reply comments filed in response to the CompTel Emergency Motion.

billing information for "0+" calling cards on a nondiscriminatory basis.<sup>2/</sup> Yet instead of acting on the proposal, in April 1992 the FCC simply further delayed its resolution of the issues arising from AT&T CIID card practices by requesting that interested parties once again submit their views on this proposal, for what in the case of many parties will be the fifth time. In justification for continued inaction, the FCC says that although the comments "have presented a circumstantial picture of LEC involvement in CIID card billing and collection and support activities," there is "no direct evidence" of LEC involvement.<sup>10/</sup> Of course, because AT&T and the LECs are uniquely in control of the details relating to their involvement, absent Commission direction one might suspect that the Commission would have understood that it would get only "circumstantial" rather than "direct" evidence. For this very reason, back on July 3, 1991, CNS submitted a "Motion for the Commission to Require Local Exchange Carriers to Provide Certain Information Regarding Calling Card Operations." That motion asked the Commission to require the LECs to provide specific information concerning their involvement in the issuance and maintenance of the CIID card. The motion was made, of course, to avoid the very situation which now exists -- further delay and expenditures of additional resources -- because the Commission claims to have

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<sup>2/</sup> See letter of March 27, 1992 from Robert A. Rowland, President of CNS, to the Honorable Alfred C. Sikes, FCC Chairman. This letter was copied to the FCC Commissioners.

<sup>10/</sup> 91-115 Report and Order at para. 85.

only "circumstantial" rather than "direct" evidence. Perhaps not surprisingly, but nevertheless wrongly, the Commission never ruled on CNS's Motion asking that the LECs be required to provide specific information.

7. The Commission's delay has already cost OSPs millions of dollars that likely can never be recovered. CNS files these comments to urge the FCC now to conclude this proceeding promptly and require AT&T to begin "sharing billing and validation data for its CIID card (in which case callers could continue to use the card with 0+ access), or restricting the use of the card to access code calling." <sup>11/</sup> Once this proposal is enacted, there will be no need for the FCC to adopt billed party preference.

**II. NONDISCRIMINATORY "0+" ACCESS SHOULD BE  
ENACTED INSTEAD OF BILLED PARTY PREFERENCE**

8. As CNS will discuss more fully in the separate billed party preference pleading cycle in this proceeding, once the Commission requires nondiscriminatory access to validation and billing data for IXCs receiving "0+" access calls, it should not adopt billed party preference. Requiring such nondiscriminatory access will eliminate AT&T's present ability to shift significant costs to its rivals and can be implemented immediately. The "0+" access proposal would be a much less costly and more focused solution than billed party preference; it targets the cost causer, AT&T, as the party to bear the expense of correcting its anticompetitive tactics. As will be shown in our subsequent

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<sup>11/</sup> Notice at para. 42.

comments, billed party preference, however, is a confusing, cumbersome and expensive industry-wide solution which, rather than shifting costs to AT&T, will result in massive expenditures by LECs that will then be passed on to consumers in the form of higher telephone rates.

9. Irrespective of the Commission's current views on the merits of billed party preference, it should implement the "0+" access proposal immediately. At present, billed party preference is not a viable alternative to nondiscriminatory access to billing and validation data because even the proponents of billed party preference agree that it could not be implemented anytime in the near future. Furthermore, ordering the long-delayed nondiscriminatory access will not have any impact on the timing of billed party preference.

### **III. IXCS SHOULD DETERMINE WHICH TYPE OF ACCESS TO USE**

10. In its Notice, the Commission inquires "how and by whom the choice between a proprietary access code card and a nonproprietary 0+ card should be made." <sup>12/</sup> Whether a call should be treated as "proprietary" or "nonproprietary," however, should be determined by the type of access code dialed, not the type or label of calling card used. Under the proposal, if a call is placed via "800", "950", or "10XXX" access code, then the call would be classified as proprietary because the access method is directing the call to a particular carrier's own network for carriage. If a call is placed via "0+" access, then the call

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<sup>12/</sup> Notice at para. 43.

would be classified as nonproprietary because the call will be carried over the network of the carrier who happens to be presubscribed for that phone. The choice whether to permit cardholders to reach its network only through proprietary access codes or whether to permit cardholder access through nonproprietary access as well should be made by the IXC that issued the calling cards. (Because Commission regulations require OSPs to maintain "800" or "950" access numbers, <sup>13/</sup> an IXC cannot rely exclusively on "0+" or nonproprietary cardholder access to its network.)

11. By leaving the decision to the card-issuing carrier, no IXC will be denied the ability to maintain exclusively proprietary cardholder access to its network. Like its competitors Sprint and MCI and others (whose calling cards it cannot validate), AT&T could protect its investment and ensure

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<sup>13/</sup> 47 C.F.R. § 64.704(d) (1991). Despite this requirement, AT&T has yet to establish and promote an "800" or "950" access number that automatically connects calls upon entry of the calling card account number. Instead, when callers dial AT&T's so-called "800" access number, 800-225-5288, they are first forced to select options from a menu and then told to hang up and dial "10288" to complete their calls. This so-called "800" access number is not included in the dialing instructions given on the back of AT&T's CIID card and in fact does not appear anywhere on AT&T's CIID card. If a CIID cardholder cannot locate AT&T's elusive "800" access number and instead dials its "800" number for customer service (which appears on the CIID card but not in the dialing instructions), the caller gets the same hang up and dial "10288" message that AT&T uses on its "800" access number. CNS does not believe that AT&T's use of an "800" number in this way was what the Commission had in mind when it required AT&T to establish an "800" or "950" access number. See Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, 6 FCC Rcd 4736, 4744 (1991).

that no other carrier can complete calls charged to its CIID cards by relying exclusively on proprietary access codes.

12. If, however, AT&T continues to use "0+" access, then it should have to provide billing and validation data on a nondiscriminatory basis so that all IXCs can complete all "0+" calls charged to CIID cards. AT&T should no longer be able to saddle its competitors with the costs of transferring calls to AT&T that AT&T refuses to validate. By declaring "0+" access to be in the public domain, the FCC will prevent AT&T from continuing to inflict anticompetitive harm on independent OSPs and continuing to raise their costs of doing business. The Commission must understand that these increased costs of doing business -- inflicted on OSPs solely as a result of AT&T's business practices -- necessarily must increase the rates that independent OSPs charge.

**IV. IXC SCREENING OF PROPRIETARY AND NONPROPRIETARY CALLS WOULD NOT BE NECESSARY, WHILE IXC BLOCKING OF "0+" CALLS TO PROPRIETARY CARDS WOULD BE ESSENTIAL**

13. Under the FCC's proposal to make IXCs choose between proprietary and nonproprietary access methods, no IXC call screening would be necessary. By definition, calls placed via proprietary access codes will go only to the card-issuing IXCs. Thus, competing IXCs will not need to screen out these calls because the calls will never reach them. Likewise, IXCs will not need to screen "0+" calls because they will have guaranteed access to the billing and validation information necessary to complete these calls.

14. In contrast, should an IXC choose to rely exclusively on proprietary cardholder access, then all "0+" calls to its network must be rejected. AT&T currently tells its cardholders to hang up and dial "10288" when they place "0+" calls and do not reach AT&T operators. If AT&T restricts access to its network to proprietary cards only, then it should be required to reject all "0+" calls placed by CIID cardholders and instruct them to hang up and dial "10288," 800-225-5288 (AT&T's new but little known "800" access number), or any other type of truly proprietary access AT&T chooses to implement. To permit AT&T to complete "0+" calls charged to proprietary CIID cards -- regardless of whatever instructions AT&T may have to give to its cardholders to dial access codes next time -- would be tantamount to denying the proposal. Unless AT&T is expressly prohibited from completing "0+" calls charged to proprietary calling cards, then AT&T will continue to implement its anticompetitive strategy of imposing costs on its competitors and will succeed at remonopolizing the "0+" industry.

**V. IF AT&T CONTINUES TO USE "0+" ACCESS FOR ITS CIID CARDS, THEN IT MUST PROVIDE THE SAME INFORMATION TO OSPS AS LECs PROVIDE FOR JOINT USE CALLING CARDS**

15. If AT&T permits "0+" access by its CIID cardholders, then it must provide the same information to IXCs completing calls charged to CIID cards as LECs provide to IXCs completing calls charged to LEC joint use cards. AT&T's own justification for sending CIID cards to LEC joint use cardholders and telling those cardholders to destroy their cards, Federal Reserve Board

Regulation Z, <sup>14/</sup> shows that these cards are nothing more than replacements for LEC joint use cards and should be treated the same. Regulation Z prohibits the issuance of credit cards except when a consumer requests a card or "[a]s a renewal of, or substitute for, an accepted credit card." <sup>15/</sup> AT&T's reliance upon this regulation to exchange LEC cards for CIID cards -- a substitution that no other IXC could lawfully make -- shows that AT&T believes its CIID cards to be equivalent to LEC joint use cards. Accordingly, the FCC should treat them similarly and exercise its Title I and Title II jurisdiction to require nondiscriminatory access to billing and validation data.

**VI. NONDISCRIMINATORY "0+" ACCESS WILL  
BENEFIT CONSUMERS THROUGH INCREASED  
CONVENIENCE AND FASTER CONNECTION TIME**

16. Whichever calling card option AT&T chooses, the FCC's proposal will benefit consumers. If AT&T makes its CIID cards proprietary, then AT&T will have to supply its cardholders with revised dialing instructions giving only proprietary access codes. This will eliminate the current confusion and frustration cardholders experience when trying to use their CIID cards.

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<sup>14/</sup> 12 C.F.R. § 226.12(a) (1992). See "AT&T's Reply Comments in Opposition to CompTel's Motion for an Interim Order" submitted in CC Docket No. 91-115 at 6 and n.\*\*\* (filed March 11, 1992). CNS first protested AT&T's deceptive advertising tactics in its initial comments to CC Docket No. 91-115. Indeed, among other examples of AT&T's misconduct, CNS attached an AT&T mass mailing to its comments that deceptively advised its customers "[f]or your protection, destroy your old card if you currently have one. CNS Comments submitted in CC Docket No. 91-115 at 9-10 and Exhibit D (filed August 15, 1991) ("91-115 Comments of CNS").

<sup>15/</sup> Id. § 226.12(a)(2).



Under AT&T's current system, CIID cardholders may have to make as many as three attempts and dial as many as thirty-five digits to reach AT&T operators. First, callers are instructed to dial ten digits, "0" plus the telephone number. If the telephones are presubscribed to carriers other than AT&T, then callers must either hang up or wait for non-AT&T operators to transfer their calls to AT&T. If the callers hang up at the bong tone and dial telephone numbers via "10288" access, requiring them to dial fifteen more digits, their calls may still be blocked in non-equal access areas or if the equipment handling their calls cannot process "10XXX" calls. The frustrated callers then have to dial AT&T's "800" access number (or "800" customer service number if they cannot locate AT&T's elusive and still almost-secret "800" access number), requiring them to dial another ten digits, before they reach an AT&T operator.

17. With a real proprietary "800" access number, however, callers need only dial ten digits to gain access to their preferred carrier, and AT&T could select these digits in a sequence that would be easy to remember for callers, such as 800-CRUSHER, 800-PLUNDER, 800-BRUISER, or any other mnemonic sequence that AT&T prefers. If AT&T were truly interested in customer convenience, it would have established such an easy to remember "800" access number long ago. Callers are used to dialing "800" numbers in rapid sequence. AT&T could have offered an "800" access number with line-based calling cards -- which AT&T's cardholder preference surveys showed that its own cardholders

prefer. <sup>16/</sup> Instead, contrary to the interests of consumers in having easy and convenient access, AT&T chose to replace, in a campaign heavily dependent upon misleading advertising, <sup>17/</sup> the popular, line-based joint use LEC calling cards with the hard to remember CIID cards.

18. If AT&T chooses to maintain "0+" access to its CIID cards, CIID cardholders' calls will no longer be blocked and cardholders will no longer need to dial up three separate times to reach operators capable of completing their calls. With "0+" access, AT&T will be required to provide validation and billing information to IXCs on a nondiscriminatory basis. Therefore, consumers will always reach a carrier capable of completing their calls after dialing only ten digits.

19. In addition to the benefits of guaranteed access for consumers, competition for operator services will increase. By preventing AT&T from improperly transferring the costs of its "0+" marketing strategy to its competitors, the Commission will lower OSPs' costs. Furthermore, AT&T will no longer be able to scare aggregators into presubscribing their telephones to AT&T for fear that the aggregators' customers will hold them

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<sup>16/</sup> Exhibit I to May 29, 1991 AT&T supplemental filing to Transmittal No. 2902 at 1, attached as Exhibit C to 91-115 Comments of CNS.

<sup>17/</sup> The record in CC Docket No. 91-115 is full of examples of AT&T's highly deceptive efforts to convince joint use cardholders to switch to CIID cards. One particularly egregious tactic employed by AT&T is to tell the public that line-based calling cards would soon be invalid. See 91-115 Comments of CNS at 9 n. 23 and Exhibit B and CompTel Emergency Motion at 6-7.

responsible for blocked CIID card calls. Rather than a remonopolization of the "0+" market, prohibiting "0+" access to proprietary calling cards will result in a reinvigorated and more competitive operator services market.

**VII. THE COMMISSION SHOULD PURSUE  
ADDITIONAL METHODS FOR REDRESSING THE  
ANTICOMPETITIVE INJURIES CAUSED BY AT&T**

20. In its Notice, the Commission invites parties to "discuss alternative proposals for addressing alleged competitive inequities resulting from AT&T's issuance and dissemination of a proprietary calling card, including the costs and benefits of such proposals." <sup>18/</sup> The fact that the Commission framed this request in such a narrow manner -- while ignoring existing OSP competitive initiatives -- shows that it has yet to appreciate the interrelated nature of the obstacles to fair competition in the operator services market. CNS suggests that if the Commission truly wants to improve competitiveness within the operator services market, it should implement changes in addition to, rather than instead of, the one proposed in this proceeding. Rather than simply issuing an Order requiring OSPs to compile yet another monitoring report describing their costs and rates, <sup>19/</sup> the Commission should take action promptly on long-pending proposals that will reduce OSPs' costs and rates.

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<sup>18/</sup> Notice at para. 43.

<sup>19/</sup> Policies and Rules Concerning Operator Service Providers, Order, DA 92-615, CC Docket No. 90-313, Phase II (Com. Car. Bur., released May 19, 1992).

21. In addition to requiring IXCs to provide validation and billing information for "0+" calling cards, the Commission should grant CNS's Application for Expedited Review and reverse the Common Carrier Bureau's rejection of CNS's Tariff No. 2, its proposed Interstate Transfer Service. This would allow CNS and other OSPs to file tariffs that will require AT&T to compensate OSPs for the costs they incur in transferring the calls of CIID cardholders to AT&T operators. Such a step could be taken immediately and would redress the anticompetitive harm AT&T inflicts on its competition. Moreover, CNS's transfer tariff would provide another remedy to OSPs should AT&T's billing and validation data prove as difficult to obtain and use as its current "800" access number.

22. Furthermore, the FCC should require billing and collection services to be provided on a nondiscriminatory basis. Such action would eliminate another instance of preferential LEC treatment to AT&T, would reduce OSP costs, and thus would lead to greater competition in operator service rates. Taking the actions described above will move towards a comprehensive solution to the competitive inequities in the "0+" market.

#### **VIII. CONCLUSION**

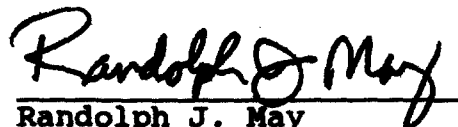
23. The Commission should require IXCs to provide nondiscriminatory access to the billing and validation data necessary to complete "0+" calls charged to calling cards. Such a requirement would not impose any undue burdens on IXCs because it would give IXCs themselves the choice whether or not to permit

cardholders to reach their networks via "0+" access. If AT&T chooses to treat its CIID card as a replacement for LEC joint use calling cards by permitting "0+" access, then its cards should be regulated the same as LEC calling cards. This long overdue requirement will benefit consumers because it will guarantee easier access to operators and will eliminate the confusion and frustration caused when consumers follow the instructions on the back of their CIID cards only to find that their calls cannot be completed as dialed. In addition, this requirement will serve the public interest by reducing OSP costs and improving competition within the operator services market. CNS strongly endorses the current proposal to ensure that all IXCs can bill and validate "0+" access calls but urges the Commission to increase competition in the "0+" market even further by permitting OSPs to be compensated for IXC transfer services and by requiring billing and collection services to be offered on a nondiscriminatory basis.

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(202) 383-0100  
Its Attorneys

June 2, 1992

# CERTIFICATE OF SERVICE

I, Joan T. Prouty, hereby certify that a copy of the foregoing Comments of Capital Network System, Inc. has been served by hand this 2nd day of June 1992 to the following:

Hon. Alfred C. Sikes  
Chairman  
Federal Communications  
Commission  
1919 M Street, N.W., Room 814  
Washington, D.C. 20554

Hon. Sherrie P. Marshall  
Commissioner  
Federal Communications  
Commission  
1919 M Street, N.W., Room 826  
Washington, D.C. 20554

Hon. Ervin S. Duggan  
Commissioner  
Federal Communications  
Commission  
1919 M Street, N.W., Room 832  
Washington, D.C. 20554

Jill Ross Meltzer, Esq.  
Associate Chief,  
Common Carrier Bureau  
Federal Communications  
Commission  
1919 M Street, N.W., Room 500  
Washington, D.C. 20554

Gary Phillips, Esq.  
Policy and Program Planning  
Division  
Common Carrier Bureau  
Federal Communications  
Commission  
1919 M Street, N.W., Room 544  
Washington, D.C. 20554

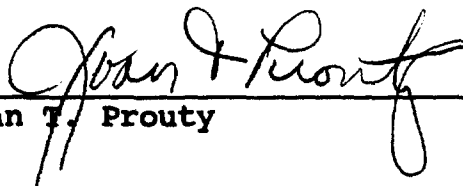
Hon. James H. Quello  
Commissioner  
Federal Communications  
Commission  
1919 M Street, N.W., Room 802  
Washington, D.C. 20554

Hon. Andrew C. Barrett  
Commissioner  
Federal Communications  
Commission  
1919 M Street, N.W., Room 844  
Washington, D.C. 20554

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Downtown Copy Center  
Federal Communications  
Commission  
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Joan T. Prouty